

**Township of Fairhaven
Bay Port, MI**

Huron County

**FINANCIAL REPORT
March 31, 2008**

Township of Fairhaven

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Township Board
Township of Fairhaven
Bay Port, MI 48720-0003

We have audited the accompanying general purpose financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Township of Fairhaven as of and for the year ended March 31, 2008, which collectively comprise the basic financial statements of the Township of Fairhaven's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Township of Fairhaven as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2008, on our consideration of Township of Fairhaven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Township of Fairhaven's basic financial statements. The introductory section and supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Midwest Accounting P.C.

Midwest Accounting, P.C.
November 20, 2008

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**Report on Internal Control Over Financial Reporting and Compliance and
Other Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

To the Township Board
Township of Fairhaven
Bay Port, MI 48720-0003

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Fairhaven as of and for the year ended March 31, 2008, which collectively comprise Township of Fairhaven's basic financial statements and have issued my report thereon dated November 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township of Fairhaven's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Township of Fairhaven's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Fairhaven's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Township of Fairhaven's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Township of Fairhaven's financial statements that is more than inconsequential will not be prevented or detected by Township of Fairhaven's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Township of Fairhaven's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Township of Fairhaven's financial

statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Township Board, the State of Michigan, and the United States Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than those specified parties.

Midwest Accounting P.C.

Midwest Accounting, P.C.
November 20, 2008

Township of Fairhaven
Statement of Net Assets
March 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and Investments	\$ 507,221.72	\$ 0.00	\$ 507,221.72
Cash and Investments - Restricted	0.00	321,329.20	321,329.20
Accounts Receivable	28,420.17	46,664.37	75,084.54
Prepaid Insurance	8,057.89	4,043.42	12,101.31
Due From Other Governmental Units	<u>236,922.28</u>	<u>7,136.30</u>	<u>244,058.58</u>
Total Current Assets	<u>780,622.06</u>	<u>379,173.29</u>	<u>1,159,795.35</u>
Property and Equipment			
Property and Equipment	1,168,518.00	3,332,537.30	4,501,055.30
Less Accumulated Depreciation	<u>(749,521.41)</u>	<u>(2,294,778.00)</u>	<u>(3,044,299.41)</u>
Net Property and Equipment	<u>418,996.59</u>	<u>1,037,759.30</u>	<u>1,456,755.89</u>
Other Assets			
Sewer Installments Receivable	<u>0.00</u>	<u>145,706.87</u>	<u>145,706.87</u>
Total Other Assets	<u>0.00</u>	<u>145,706.87</u>	<u>145,706.87</u>
Total Assets	<u>\$ 1,199,618.65</u>	<u>\$ 1,562,639.46</u>	<u>\$ 2,762,258.11</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts Payable	132,757.64	7,130.59	139,888.23
Accrued Payroll and Taxes	1,126.51	0.00	1,126.51
Accrued Interest	0.00	15,025.00	15,025.00
Current Portion of Bonds Payable	<u>0.00</u>	<u>20,000.00</u>	<u>20,000.00</u>
Total Current Liabilities	<u>133,884.15</u>	<u>42,155.59</u>	<u>176,039.74</u>
Long - Term Liabilities			
Bonds Payable	<u>0.00</u>	<u>1,003,000.00</u>	<u>1,003,000.00</u>
Total Long - Term Liabilities	<u>0.00</u>	<u>1,003,000.00</u>	<u>1,003,000.00</u>
Total Liabilities	<u>133,884.15</u>	<u>1,045,155.59</u>	<u>1,179,039.74</u>
Net Assets			
Invested in capital assets net of related debt	418,996.59	(265.70)	418,730.89
Restricted for:			
Sewer operation and maintenance	0.00	111,119.49	111,119.49
Bond payments	0.00	210,209.71	210,209.71
Cemetery	1,734.46	0.00	1,734.46
Fire service	66,674.19	0.00	66,674.19
Local roads	55,031.23	0.00	55,031.23
Law enforcement	221,747.24	0.00	221,747.24
Street lighting	21,545.89	0.00	21,545.89
Unrestricted	<u>280,004.90</u>	<u>196,420.37</u>	<u>476,425.27</u>
Total Net Assets	<u>1,065,734.50</u>	<u>517,483.87</u>	<u>1,583,218.37</u>
Total Liabilities and Net Assets	<u>\$ 1,199,618.65</u>	<u>\$ 1,562,639.46</u>	<u>\$ 2,762,258.11</u>

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Statement Of Activities
For the Year Ended March 31, 2008

Governmental Activities

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Government Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental Activities						
General Government	\$ 65,147.38	\$ 0.00	\$ 0.00	\$ (65,147.38)	\$ 0.00	\$ (65,147.38)
Public Safety	108,379.84	1,200.00	0.00	(107,179.84)	0.00	(107,179.84)
Public Works	39,110.79	0.00	0.00	(39,110.79)	0.00	(39,110.79)
Roads	51,406.28	0.00	0.00	(51,406.28)	0.00	(51,406.28)
Sewer Operations	139,957.35	101,327.71	0.00	0.00	(38,629.64)	(38,629.64)
Unallocated Depreciation	11,008.00	0.00	0.00	(11,008.00)	0.00	(11,008.00)
Interest	59,219.74	0.00	0.00	0.00	(59,219.74)	(59,219.74)
Miscellaneous	39,139.38	0.00	0.00	(39,139.38)	0.00	(39,139.38)
Total Governmental Activities	<u>\$513,368.76</u>	<u>\$ 102,527.71</u>	<u>\$ 0.00</u>	<u>(312,991.67)</u>	<u>(97,849.38)</u>	<u>(410,841.05)</u>
General Revenues						
Property Taxes General				263,775.03	0.00	263,775.03
State Revenue Sharing				97,141.00	0.00	97,141.00
Investment Earnings				11,024.90	21,842.97	32,867.87
Other				21,927.90	7.41	21,935.31
Interfund Transfers				2,443.84	(1,906.59)	537.25
Total General Revenues				<u>396,312.67</u>	<u>19,943.79</u>	<u>416,256.46</u>
Change in Net Assets (Deficit)				83,321.00	(77,905.59)	5,415.41
Prior Period Adjustment				233,608.73	(28,382.20)	205,226.53
Net Assets Beginning of Year				<u>748,804.77</u>	<u>623,771.66</u>	<u>1,372,576.43</u>
Net Assets End of Year				<u>\$1,065,734.50</u>	<u>\$ 517,483.87</u>	<u>\$ 1,583,218.37</u>

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Combined Balance Sheet
All Fund Types and Account Groups
March 31, 2008

	<u>Major Special Revenue Funds</u>				Other	Total
	General	Fire	Highway	Police	Nonmajor	Governmental
	Fund	Fund	Fund	Fund	Funds	Funds
Assets						
Cash and Investments	\$ 246,488.49	\$ 10,044.55	\$ 79,543.83	\$ 158,777.94	\$ 12,366.91	\$ 507,221.72
Taxes Receivable	3,067.40	5,450.93	10,758.93	7,236.39	1,906.52	28,420.17
Prepaid Insurance	2,697.33	4,923.04	0.00	0.00	437.52	8,057.89
Due From Other Funds	<u>28,878.19</u>	<u>46,255.67</u>	<u>91,543.23</u>	<u>61,675.79</u>	<u>8,569.40</u>	<u>236,922.28</u>
Total Assets	<u>\$ 281,131.41</u>	<u>\$ 66,674.19</u>	<u>\$ 181,845.99</u>	<u>\$ 227,690.12</u>	<u>\$ 23,280.35</u>	<u>\$ 780,622.06</u>
Liabilities and Fund Equity						
Liabilities						
Accounts Payable	\$ 0.00	\$ 0.00	\$ 126,814.76	\$ 5,942.88	\$ 0.00	\$ 132,757.64
Fringes and Taxes Payable	<u>1,126.51</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,126.51</u>
Total Liabilities	<u>1,126.51</u>	<u>0.00</u>	<u>126,814.76</u>	<u>5,942.88</u>	<u>0.00</u>	<u>133,884.15</u>
Fund Equity						
Reserved for:						
Cemetery	0.00	0.00	0.00	0.00	1,296.94	1,296.94
Fire Service	0.00	61,751.15	0.00	0.00	0.00	61,751.15
Local Roads	0.00	0.00	55,031.23	0.00	0.00	55,031.23
Law Enforcement	0.00	0.00	0.00	221,747.24	0.00	221,747.24
Street Lighting	0.00	0.00	0.00	0.00	21,545.89	21,545.89
Prepays	2,697.33	4,923.04	0.00	0.00	437.52	8,057.89
Unreserved	<u>277,307.57</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>277,307.57</u>
Total Fund Equity	<u>280,004.90</u>	<u>66,674.19</u>	<u>55,031.23</u>	<u>221,747.24</u>	<u>23,280.35</u>	<u>646,737.91</u>
Total Liabilities and Fund Equity	<u>\$ 281,131.41</u>	<u>\$ 66,674.19</u>	<u>\$ 181,845.99</u>	<u>\$ 227,690.12</u>	<u>\$ 23,280.35</u>	<u>\$ 780,622.06</u>
Fund Balances - Total Governmental Funds						\$ 646,737.91
Amounts reported for governmental activities in the statement of activities are different because						
Capital assets used in governmental activities are not financial resources and are not reported in the funds						
Property and Equipment						1,168,518.00
Less: Accumulated Depreciation						<u>(749,521.41)</u>
Net Assets of Governmental Activities						<u>\$ 1,065,734.50</u>

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Combined Statement of Revenue, Expenditures and
Change in Fund Balance
For the Year Ended March 31, 2008

	<u>Major Special Revenue Funds</u>				Other	
	General Fund	Fire Fund	Highway Fund	Police Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$ 29,877.19	\$51,799.73	\$102,585.57	\$ 69,145.02	\$ 10,367.52	\$ 263,775.03
Licenses and Permits	4,657.22	0.00	0.00	0.00	0.00	4,657.22
State Revenue Sharing	97,141.00	0.00	0.00	0.00	0.00	97,141.00
Fire Department Services	0.00	1,200.00	0.00	0.00	0.00	1,200.00
Interest	8,370.51	222.16	642.14	1,205.31	584.78	11,024.90
Miscellaneous	<u>11,549.36</u>	<u>37.27</u>	<u>107.39</u>	<u>1,501.66</u>	<u>4,075.00</u>	<u>17,270.68</u>
Total Revenues	<u>151,595.28</u>	<u>53,259.16</u>	<u>103,335.10</u>	<u>71,851.99</u>	<u>15,027.30</u>	<u>395,068.83</u>
Expenditures						
General Government	58,851.66	0.00	0.00	0.00	6,295.72	65,147.38
Public Safety	3,624.00	29,139.21	0.00	75,616.63	0.00	108,379.84
Public Works	39,110.79	0.00	26,190.84	0.00	11,090.76	76,392.39
Other	39,139.38	0.00	0.00	0.00	0.00	39,139.38
Capital Outlay	<u>9,182.48</u>	<u>5,337.00</u>	<u>101,970.70</u>	<u>0.00</u>	<u>0.00</u>	<u>116,490.18</u>
Total Expenditures	<u>149,908.31</u>	<u>34,476.21</u>	<u>128,161.54</u>	<u>75,616.63</u>	<u>17,386.48</u>	<u>405,549.17</u>
Excess of Revenues over Expenditures	1,686.97	18,782.95	(24,826.44)	(3,764.64)	(2,359.18)	(10,480.34)
Other Financing Sources (Uses)						
Operating Transfers in	3,415.20	0.00	245.12	45.11	1,193.39	4,898.82
Operating Transfers out	<u>(709.33)</u>	<u>(1,745.65)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(2,454.98)</u>
Total Other Financing Sources (Uses)	<u>2,705.87</u>	<u>(1,745.65)</u>	<u>245.12</u>	<u>45.11</u>	<u>1,193.39</u>	<u>2,443.84</u>
Excess of Revenues and Other Sources Over(Under)Expenditures & Other Uses	4,392.84	17,037.30	(24,581.32)	(3,719.53)	(1,165.79)	(8,036.50)
Fund Balance at Beginning of Year	266,328.36	49,636.89	79,612.55	234,055.79	24,446.14	654,079.73
Prior Period Adjustment	<u>9,283.70</u>	<u>0.00</u>	<u>0.00</u>	<u>(8,589.02)</u>	<u>0.00</u>	<u>694.68</u>
Fund Balance at End of Year	<u>\$280,004.90</u>	<u>\$66,674.19</u>	<u>\$ 55,031.23</u>	<u>\$221,747.24</u>	<u>\$ 23,280.35</u>	<u>\$ 646,737.91</u>
Net Change in Fund Balances - Total Governmental Funds						\$ (8,036.50)
Amounts reported for governmental activities in the statement of activities are different because						
Governmental funds report capital outlays as expenditures in the year incurred and depreciation is recorded for assets in the statement of activities						
Depreciation Expense						(25,132.68)
Capital Outlay						<u>116,490.18</u>
Change in Net Assets of Governmental Activities						<u>\$ 83,321.00</u>

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Proprietary Fund
Statement of Net Assets
March 31, 2008

	Sewer Operating Fund
Assets	
Current assets:	
Restricted Assets	\$ 321,329.20
Accounts Receivable	46,664.37
Prepaid Insurance	4,043.42
Due From Other Funds	<u>7,136.30</u>
Total Current Assets	379,173.29
Noncurrent assets:	
Capital Assets	1,037,759.30
Sewer Installments Receivable	<u>145,706.87</u>
Total noncurrent assets	<u>1,183,466.17</u>
Total Assets	<u>\$ 1,562,639.46</u>
Liabilities and Fund Equity	
Liabilities	
Current liabilities:	
Accounts Payable	\$ 7,130.59
Accrued Interest	15,025.00
Bonds Payable - Current Portion	<u>20,000.00</u>
Total current liabilities	42,155.59
Bonds Payable - Long-Term	<u>1,003,000.00</u>
Total Liabilities	<u>1,045,155.59</u>
Fund Equity	
Invested in fixed assets net of related debt	(265.70)
Restricted for:	
Sewer Operations & Maintenance	111,119.49
Sewer Bond Payments	210,209.71
Prepays	4,043.42
Unrestricted	<u>192,376.95</u>
Total Fund Equity	<u>517,483.87</u>
Total Liabilities and Fund Equity	<u>\$ 1,562,639.46</u>

The accompanying notes are an integral part of this financial statements.

Township of Fairhaven
Proprietary Sewer Operating Fund
Statement of Revenues, Expenses and Changes in
Net Assets Budget and Actual
For the Year Ended March 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Operating Revenues			
Sewer Fees	\$ 0.00	\$ 101,335.12	
Total Operating Revenues	<u>135,602.00</u>	<u>101,335.12</u>	<u>(34,266.88)</u>
Operating Expenses			
Office Supplies	0.00	717.06	
Contracted Services-Vollmer	0.00	33,062.25	
Postage	0.00	262.80	
Lagoon Maintenance	0.00	400.00	
annual support agreement	0.00	300.00	
Wages-Other	0.00	1,232.00	
Lab/lagoon Testing	0.00	1,695.00	
Repairs and Maintenance	0.00	(784.38)	
Vehicle Maintenance	0.00	2,667.41	
Reports to DNR	0.00	180.00	
Insurance - Liability	0.00	7,144.00	
Fuel Tires Oil and Accessories	0.00	24.01	
Travel	0.00	295.20	
Depreciation Expense	0.00	92,762.00	
Total Operating Expenses	<u>133,150.00</u>	<u>139,957.35</u>	<u>(6,807.35)</u>
Operating Income (loss)	2,452.00	(38,622.23)	(41,074.23)
Other Income (Expense)			
Interest Income	0.00	21,842.97	0.00
Interest Expense	0.00	(59,219.74)	0.00
Operating Transfers In	0.00	2,331.00	0.00
Operating Transfers Out	0.00	(4,237.59)	0.00
Total Other Income (Expense)	<u>0.00</u>	<u>(39,283.36)</u>	
Net Income (loss) From Operations	<u>\$ 2,452.00</u>	(77,905.59)	<u>(80,357.59)</u>
Add: Transfer of depreciation on assets acquired with contributions and grants		<u>92,762.00</u>	
Net Income (Loss)		14,856.41	
Net Assets Beginning of Year: less \$92,762 transfer of depreciation on assets acquired with contributions and grants		531,009.66	
Prior Period Adjustment		<u>(28,382.20)</u>	
Net Assets End of Year		<u>\$ 517,483.87</u>	

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Proprietary Sewer Operating Fund
Statement of Cash Flows
For The Year Ended March 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Receipts From Customers	\$ 96,567.37
Cash Payments to Employees	(1,232.00)
Cash Payments to Suppliers of Goods and Services	<u>(43,492.14)</u>

Net Cash Provided By Operating Activities 51,843.23

CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES

Capital Expenditures	(6,800.00)
Revenue Bond Repayments	(20,000.00)
Interest Paid	(59,513.74)

Net Cash Provided By (Used In) Capital and Related
Transfers From (To) Other Funds (9,042.89)

Net Cash Provided By Capital and Financing Activities (95,356.63)

CASH FLOW FROM INVESTING ACTIVITIES

Interest Received 21,842.97

Net Cash Provided By (Used In) Investing Activities 21,842.97

**NET INCREASE (DECREASE) IN CASH
AND CASH EQUIVALENTS**

(21,670.43)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

342,999.63

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 321,329.20

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating Income (Loss) \$ (38,622.23)

**Adjustments to reconcile Net Income
(Loss) to net Cash provided by
(used in) operating activities:**

Depreciation and Amortization 92,762.00

Decrease (Increase) in Operating Assets

Accounts Receivable (4,767.75)

Increase (Decrease) in Operating Liabilities

Accounts Payable 2,471.21

Accrued Liabilities 0.00

Total Adjustments 90,465.46

Net Cash Provided By (Used in) Operating Activities \$ 51,843.23

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Fiduciary Funds
Statement of Assets, Liabilities, and Net Assets
March 31, 2008

	Cemetery Perpetual Care Fund	Tax Agency Fund	Total Agency Funds
Assets			
Cash and Investments	\$ 27,913.45	\$ 245,765.27	\$ 273,678.72
Total Assets	<u>\$ 27,913.45</u>	<u>\$ 245,765.27</u>	<u>\$ 273,678.72</u>
Liabilities and Fund Equity			
Liabilities			
Due to Local Governments	\$ 0.00	\$ 1,031.07	\$ 1,031.07
Due to Other Funds	0.00	244,058.58	244,058.58
Total Liabilities	<u>0.00</u>	<u>245,089.65</u>	<u>245,089.65</u>
Fund Equity			
Reserved for Cemetery	27,913.45	0.00	27,913.45
Unreserved	<u>0.00</u>	<u>675.62</u>	<u>675.62</u>
Total Fund Equity	<u>27,913.45</u>	<u>675.62</u>	<u>28,589.07</u>
Total Liabilities and Fund Equity	<u>\$ 27,913.45</u>	<u>\$ 245,765.27</u>	<u>\$ 273,678.72</u>

The accompanying notes are an integral part of the financial statements.

Township of Fairhaven
Fiduciary Fund Type Cemetery Perpetual Care
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2008

	Actual	Budget	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Interest Income	\$ 592.69	\$ 0.00	\$ (592.69)
Total Revenues	<u>592.69</u>	<u>0.00</u>	<u>(592.69)</u>
Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>592.69</u>	<u>0.00</u>	<u>592.69</u>
Other Financing Sources (Uses)			
Transfers out	<u>(537.25)</u>	<u>0.00</u>	<u>537.25</u>
Total Other Financing Sources (Uses)	<u>(537.25)</u>	<u>0.00</u>	<u>(537.25)</u>
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	55.44	<u>\$ 0.00</u>	<u>\$ 55.44</u>
Fund Balance Beginning of Year	<u>27,858.01</u>		
Fund Balance End of Year	<u>\$ 27,913.45</u>		

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Fiduciary Fund Type Cemetery Perpetual Care
Statement of Cash Flows
For the Year Ended March 31, 2008

Cash Flows From Operating Activities	
Net Income (Loss)	<u>\$ 55.44</u>
Net Cash Provided By (Used in) Operating Activities	55.44
Cash and Cash Equivalents Beginning of Year	<u>27,858.01</u>
Cash and Cash Equivalents End of Year	<u><u>\$ 27,858.01</u></u>

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Notes to Financial Statements
March 31, 2008

Note 1 - Summary of Significant Accounting Policies:

The accounting policies of the Local Governmental Unit conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Local Governmental Unit:

A. Reporting Entity

The Local Governmental Unit is governed by an elected council (Board). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non fiduciary activities of the primary government and its component units. For the most part, the effect of inter fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the government's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The Government reports the following major governmental fund:

The general fund is the Government's primary operating fund. It accounts for all financial resources of the Government, except those required to be accounted for in another fund.

Other Non-Major Funds

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Government accounts for its major and local street activities in the special revenue funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter fund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted State aid.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities

Proprietary funds distinguish operating revenue and expenses from non operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with and proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer fund also recognizes the portion of tap fees intended to recover current cost (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as non operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non operating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payable's

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect cost applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

The revenue bonds of the enterprise funds require amounts to be set aside for construction, debt service principal and interest, operations and maintenance, and a bond reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the county being held for the construction or debt service of the Local Unit of Government's water and sewer lines.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over its' estimated useful life.

Compensated Absences (Vacation and Sick Leave)

It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications

Comparative total data for the prior year has not been presented in the fund financial statements.

Note 2 - Stewardship, Compliance, and Accountability:

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for all Government Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Government to have its budget in place by the beginning of its fiscal year. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits governments to amend their budgets during the year. During the year, the budget was amended in a permissible manner. There were no significant amendments during the year.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Government incurred expenditures in certain budgeted funds which were in excess of the amounts budgeted, as shown in the statements of Actual vs Budget.

Note 3 - Deposits and Investments:

Deposits

The Government's cash accounts consist of various interest bearing checking and savings accounts. At year-end, the carrying amount of the Government's deposits was \$1,102,230 and the bank balance was \$1,102,230.

Investments

State statutes authorize the Government to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchased obligations of the U.S. government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds comprises of the above authorized investments. As of March 31, 2008, the Government investments consisted of certificates of deposit and Money Market Funds which the carrying amount and the bank balance was \$0.

The total Government cash and investments amounted to \$1,102,230 as of March 31, 2008 and \$119,779 was not covered by Federal Depository Insurance.

Note 4 - Capital Assets:

Capital asset activity for the fiscal year ended March 31, 2008, was as follows:

<u>Governmental Activities:</u>	Balance			Balance
	<u>March 31, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>March 31, 2008</u>
Land and Land Improvements	\$ 27,902	\$ 9,182	\$ 0	\$ 37,084
Buildings	448,569	0	0	448,569
Machinery, Equipment & Vehicles	327,051	5,337	0	332,388
Roads	248,507	101,971	0	350,478
Less: Accumulated Depreciation	<u>(724,389)</u>	<u>(25,133)</u>	<u>0</u>	<u>(749,522)</u>
Capital Assets Net	\$ 327,640	\$ 91,357	\$ 0	\$ 418,997

<u>Business-type Activities:</u>	Balance March 31, 2007	Additions	Deductions	Balance March 31, 2008
Capitalized Interest	\$ 56,694	\$ 0	\$ 0	\$ 56,694
Land	69,428	0	0	69,428
Machinery and Equipment	48,253	6,800	0	55,053
Legal Bonding & Startup	76,810	0	0	76,810
Lagoon	422,492	0	0	422,492
Sewer Collection System	2,299,454	0	0	2,299,454
Engineering Fees	352,725	0	0	352,725
Building	14,271	0	0	14,271
Land Improvements	2,263	0	0	2,263
Office Furniture & Equipment	5,311	0	0	5,311
Less: Accumulated Depreciation	<u>(2,223,980)</u>	<u>(92,762)</u>	<u>0</u>	<u>(2,316,742)</u>
Capital Assets Net	\$ 1,123,721	\$ (85,962)	\$ 0	\$ 1,037,759

Note 5 - Receivables:

Receivables as of year end for the governments individual major funds and the other non major funds in the aggregate are shown in the respective statements

Note 6 - Interfund Receivables, Payables, and Transfers:

The Composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Tax Agency Fund	\$ 28,878
Fire Fund		46,256
Special Highway Fund		91,543
Police Fund		61,676
Street Lighting Fund		8,569
Sewer Operating Fund		<u>7,136</u>
	Total Tax Agency Fund	\$ 244,058

The balance owed from the Tax Agency Fund to the governmental funds represents property taxes collected by the Township and not yet disbursed as of March 31, 2008.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 709
Fire Fund	Cemetery Fund	484
	General Fund	1,262
Cemetery Perpetual Care	General Fund	247
	Road Fund	245
	Police Fund	45
Sewer Operating Fund	General Fund	<u>1,907</u>
	Total	\$ 4,899

The transfers from the various governmental funds represent transfers to meet a portion of the expenses paid by those funds.

Note 7 - Employee Retirement and Benefits Systems:

The Township of Fairhaven does not provide any employee retirement or benefits systems.

Note 8 - Contingent Liabilities:

Contingent Liability - Unemployment Compensation Costs

The Government has elected to be treated as a reimbursing employer for unemployment compensation purposes. Any unemployment benefits paid to Government employees by the Michigan unemployment fund must be reimbursed by the Government on a dollar for dollar basis. The contingent liability for unemployment benefits is not recognized in the accompanying financial statements. The expense is recognized at the time the Government becomes liable to the State of Michigan for unemployment benefits paid.

Note 9 - Proprietary Fund Fixed Assets:

Additions to the utility plant are recorded at cost or, if contributed property, at their estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Water building and lines	50 years
Buildings	15-30 years
Equipment	10-20 years
Office equipment	5 years

Note 10 - Contributed Capital:

Contributed capital currently exists only in the Enterprise Fund. This capital has been used along with other Township resources to purchase or construct the sewer system currently in use within the Township. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues in closes to contributed capital rather than retained earnings.

Note 11 - Changes in Long-Term Debt - Sewer Fund:

The Township sewer system encompasses all of the Township of Fairhaven. Financing of construction was accomplished through Sewer System Revenue Bonds, authorized pursuant to Act 94, Public Acts of Michigan, 1933, as amended, issued under approval of the Department of Treasury, State of Michigan.

The Township has pledged substantially all revenue of the Sewer Fund, net of operating expenses, to repay the sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the Township sewer system. The bonds are payable solely from the net revenues of the sewer system. The revenue bond resolution contains certain covenants and restrictions that, among other matters, relate to the following:

- Establishment of rates to customers of the system that, together with other system income, are reasonably expected to produce annual net revenue sufficient to provide for annual debt service requirements on the bonds and to provide other expenditures of the system as long as any bonds are outstanding
- Adoption of and adherence to budgeted expenses
- Maintenance of insurance in an amount not less than the amount of the bond for the benefit of the registered owner of the bond
- Establish of a Waste Water Disposal Receiving Fund funded in the following manner and order;
 - Operation and Maintenance Fund, and
 - Bond and Interest Redemption Fund, and set aside each quarter in the Bond Reserve Account, an amount equal to one-quarter of the next interest and principal payments to be used to pay the next interest and principal payments when due, and to permanently fund a separate Bond Reserve Account with \$85,000 to be used upon default of the bond,

It appears the revenue bond covenants and restrictions were met by the Township in the current year.

The following is a summary of bond transactions for the year ended March 31, 2008:

	Balance April 1, 2007	Additions	Deductions	Balance March 31, 2008
Sewer Revenue Bonds	\$ 1,043,000	\$ -	\$ 20,000	\$ 1,023,000

Sewer System Revenue Bonds payable as of March 31, 2008 are comprised of the following:

\$1,285,000 Waste Water Disposal System Revenue Bond due in annual principal installments ranging from \$10,000 to \$80,000 through July 1, 2031, plus interest at the rate of 5.875%, payable semi-annually on July 1 and January 1.	\$ 1,023,000
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The annual requirements to amortize the Sewer System Revenue Bonds outstanding as of March 31, 2008 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 22,000	\$ 59,455	\$ 81,455
2010	23,000	58,133	81,133
2011	24,000	56,752	80,752
2012	26,000	55,284	81,284
2013	27,000	53,727	80,727
2014-2018	162,000	241,875	403,875
2019-2023	216,000	186,828	402,828
2024-2028	287,000	113,418	400,418
2029-2031	<u>236,000</u>	<u>23,619</u>	<u>259,619</u>
	\$1,023,000	\$ 849,091	\$ 1,872,091

Note 12 - Restricted Assets

The balance of restricted asset accounts are as follows:

Cash and equivalents:

	<u>Business-type Activities</u>
Sewer operations and maintenance	\$ 111,119
Sewer bond interest and redemption	105,851
Bond reserve account	<u>104,359</u>
Total restricted Assets	\$ 321,329

Note 13 - Prior Period Adjustment

A number of corrections to previously reported fund balances were necessary and are reflected within the governmental fund Combined Balance Sheet and Combined Statement of Revenues, Expenses, and Changes in Net Assets and are also reflected within the government-wide Statement of Net Assets and Statement of Activities. The reasons for these corrections are summarized as follows:

Substantial investment to Local Streets were not reported as capital assets in the Special Highway Fund statement of net assets.

Interest incurred and payable under the the accrual method of accounting had not been recorded in the Sewer Fund as a liability in the statement of net assets.

Various accounts payable and payroll liabilities were misstated as of the previous fiscal year end.

Sewer usage receivables were understated and had not been fully reported.

Beginning sewer system investment in fixed assets was improperly stated.

The effect of these misstatement to the governmental fund and statement of net assets beginning fund equities is summarized as follows:

	<u>General Fund</u>	<u>Special Highway Fund</u>	<u>Police Fund</u>	<u>Sewer Fund</u>
Accounts payable and payroll liabilities misstated	\$ 9,284		\$ (8,589)	
Sewer usage receivable not recorded				\$ 28,003
Sewer system fixed asset investment improperly stated				(41,066)
Major investment to local streets not reported as capital assets		\$ 232,914		
Sewer bond accrued interest not recorded				(15,319)
	<hr/>			
Total	\$ 9,284	\$ 232,914	\$ (8,589)	\$ (28,382)

Required Supplemental Information

Township of Fairhaven
Budgetary Comparison Schedule
General Fund
For the Year Ended March 31, 2008

	General Fund				
			<u>Variance Original Compared to Final</u>		<u>Variance Actual Compared to Final</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues					
Taxes-Current	\$ 36,407.00	\$ 36,407.00	\$ 0.00	\$ 29,877.19	\$ (6,529.81)
State Sources	98,247.00	98,247.00	0.00	97,141.00	(1,106.00)
Licenses and Permits	0.00	0.00	0.00	4,657.22	4,657.22
Other	0.00	0.00	0.00	11,549.36	11,549.36
Interest	0.00	0.00	0.00	8,370.51	8,370.51
Total Revenues	<u>134,654.00</u>	<u>134,654.00</u>	<u>0.00</u>	<u>151,595.28</u>	<u>16,941.28</u>
Expenditures					
General Government	40,800.00	40,800.00	0.00	58,851.66	(18,051.66)
Public Safety	0.00	0.00	0.00	3,624.00	(3,624.00)
Public Works	62,180.00	62,180.00	0.00	39,110.79	23,069.21
Other	51,950.00	51,950.00	0.00	39,139.38	12,810.62
Capital Outlay	0.00	0.00	0.00	9,182.48	(9,182.48)
Total Expenditures	<u>154,930.00</u>	<u>154,930.00</u>	<u>0.00</u>	<u>149,908.31</u>	<u>5,021.69</u>
Excess of Revenues over Expenditures	<u>(20,276.00)</u>	<u>(20,276.00)</u>	<u>0.00</u>	<u>1,686.97</u>	<u>21,962.97</u>
Other Financing Sources (Uses)					
Operating Transfers in	0.00	0.00	0.00	3,415.20	3,415.20
Operating Transfers out	0.00	0.00	0.00	(709.33)	(709.33)
Total Other Financing Sources (Uses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,705.87</u>	<u>2,705.87</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (20,276.00)</u>	<u>\$ (20,276.00)</u>	<u>\$ 0.00</u>	<u>4,392.84</u>	<u>\$ 24,668.84</u>
Fund Balance at Beginning of Year				266,328.36	
Prior Period Adjustment				<u>9,283.70</u>	
Fund Balance at End of Year				<u>\$ 280,004.90</u>	

The accompanying notes are an integral part of this financial statement.

Additional Supplemental Information

Township of Fairhaven
Schedule of Revenues
For the Year Ended March 31, 2008

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Current Taxes	\$ 25,125.76		
Payments in Lieu of Taxes	139.97		
Delinquent Tax Collection	2,730.46		
Trailer Park Taxes	1,881.00		
Cable TV Fees	4,618.72		
Animal License Fees	38.50		
Refunds, Rebates, Reimburseme	374.52		
Sales Tax	86,619.00		
Intangibles Tax	10,522.00		
Interest Income	8,370.51		
Miscellaneous Income	<u>11,174.84</u>		
Total Revenues	<u>\$ 151,595.28</u>	<u>\$ 134,654.00</u>	<u>16,941.28</u>

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven

Schedule of Expenditures For the Year Ended March 31, 2008

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
General Government			
Supervisor Salary	\$ 4,819.96		
Assessor Salary	27,615.13		
Clerk Salary	9,450.59		
Deputy Clerk Salary	388.00		
Treasurers Salary	10,500.00		
Deputy Treasurers Salary	300.00		
Trustee Salary	3,600.00		
Board of Review Salary	1,475.00		
Election Workers Salary	<u>702.98</u>		
Total General Government	<u>\$ 58,851.66</u>	<u>\$ 40,800.00</u>	<u>\$ (18,051.66)</u>
Public Works			
Spring Clean Up	\$ 1,111.63		
Grass Cutting	3,672.56		
Snow Removal	3,040.00		
Park Expense	1,068.40		
Drains at Large	27,045.83		
General Repairs & Maintenance	1,344.85		
Spring Clean-Up	<u>1,827.52</u>		
Total Public Works	<u>\$ 39,110.79</u>	<u>\$ 62,180.00</u>	<u>\$ 23,069.21</u>
Public Safety			
Ambulance	<u>\$ 3,624.00</u>		
Total Public Safety	<u>\$ 3,624.00</u>	<u>\$ 0.00</u>	<u>\$ (3,624.00)</u>
Other			
FICA Twp Share	\$ 5,283.13		
Box Rents	15.00		
General Office Supplies	1,670.64		
Postage	647.07		
Ann Support Agreement	1,248.00		
Operating Supplies	139.73		
Legal Notices	550.05		
Attorney Fees	974.14		
Accountant Fees	3,300.00		
Dues and Subscriptions	690.58		
Telephone	1,458.03		
Trash Removal	75.00		
Insurance-Workers Comp	3,207.00		
Insurance-Liability	7,843.00		
Electricity	1,514.28		
Heat	1,757.75		
Sewer Payment	359.80		

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven

Schedule of Expenditures For the Year Ended March 31, 2008

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable)</u>
Miscellaneous	89.57		
Trailer Park Fee	855.00		
Assessor Office Supplies	217.31		
Assessor Postage	27.38		
Assessor Miscellaneous	4,599.00		
Clerk Dues & Subscriptions	60.00		
Treasurers Postage	311.90		
Treasurers Miscellaneous	282.84		
Tax notices/supplies	1,460.72		
Election Supplies	440.56		
Election Miscellaneous	6.40		
Janitorial Supplies	55.50		
	<hr/>		
Total Other	<u>\$ 39,139.38</u>	<u>\$ 51,950.00</u>	<u>\$ 12,810.62</u>
Capital Outlay			
Capital Outlay	<u>\$ 9,182.48</u>	<u>\$ 0.00</u>	<u>\$ (9,182.48)</u>
	<hr/>		
Total Capital Outlay	<u>\$ 9,182.48</u>	<u>\$ 0.00</u>	<u>\$ (9,182.48)</u>
	<hr/>		
Total Expenditures	<u>\$ 149,908.31</u>	<u>\$ 154,930.00</u>	<u>\$ 5,021.69</u>

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven

Balance Sheet

Sewer Operating Fund

Assets

Current Assets

O & M Checking Acct	\$ 21,296.28
Debt Retirement Savings	101,156.66
Bond and Interest Redemption	1,003.86
O & M Savings Acct	89,823.21
Debt Retirement Checking	3,690.07
Bond Reserve Account	104,359.12
Due from Other Fund	7,136.30
Accounts Receivable Sewer	46,664.37
Prepaid Insurance	<u>4,043.42</u>

Total Current Assets 379,173.29

Property and Equipment

Capitalized Interest	56,693.67
Less-Accumulated Amortization	(21,964.00)
Land	69,428.12
Machinery and Equipment	55,053.14
Legal Bonding and Start up Costs	76,810.44
Lagoon	422,492.19
Sewer Collection System	2,299,453.80
Engineering Fees	352,725.27
Building	14,270.82
Land Improvements	2,263.00
Office Furniture and Equipment	5,310.85
Less Accumulated Depr	<u>(2,294,778.00)</u>

Total Property and Equipment 1,037,759.30

Other Assets

Sewer Installments Receivable	<u>145,706.87</u>
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Total Other Assets 145,706.87

Total Assets \$ 1,562,639.46

Liabilities and Fund Equity

Current Liabilities

Accounts Payable	\$ 7,130.59
Accrued Interest	15,025.00
Current Portion bonds payable	<u>20,000.00</u>

Total Current Liabilities 42,155.59

Long-Term Liabilities

Bonds Payable	1,023,000.00
Less Current Portion	<u>(20,000.00)</u>

Total Long-Term Liabilities 1,003,000.00

Fund Equity

Invested in capital assets net of related debt	(265.70)
Restricted for:	
Sewer operations and maintenance	111,119.49
Bond payments	209,205.85
Unrestricted	<u>197,424.23</u>

Total Fund Equity 517,483.87

Total Liabilities and Fund Equity \$ 1,562,639.46

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2008

	<u>Cemetery Fund</u>	<u>Liquor Fund</u>	<u>Street Lighting Fund</u>	<u>Total</u>
Assets				
Cash	\$ 1,296.94	\$ 0.00	\$ 11,069.97	\$ 12,366.91
Taxes Receivable	0.00	0.00	1,906.52	1,906.52
Prepaid Insurance	437.52	0.00	0.00	437.52
Due From Other Funds	<u>0.00</u>	<u>0.00</u>	<u>8,569.40</u>	<u>8,569.40</u>
Total Assets	<u>\$ 1,734.46</u>	<u>\$ 0.00</u>	<u>\$ 21,545.89</u>	<u>\$ 23,280.35</u>
Fund Equity				
Reserved for:				
Prepays	437.52	0.00	0.00	437.52
Cemetery	1,296.94	0.00	0.00	1,296.94
Street Lighting	<u>0.00</u>	<u>0.00</u>	<u>21,545.89</u>	<u>21,545.89</u>
Total Fund Equity	<u>\$ 1,734.46</u>	<u>\$ 0.00</u>	<u>\$ 21,545.89</u>	<u>\$ 23,280.35</u>

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2008

	Actual	Fire Fund Budget	Variance Favorable (Unfavorable)
Revenues			
Delinquent Tax Collection	\$ 3,125.83	\$ 0.00	
Property Taxes Current	48,673.90	0.00	
Standby Fees	1,200.00	0.00	
Miscellaneous Income	31.26	0.00	
Refunds, Rebates and Reimbursements	6.01	0.00	
Interest Income	222.16	0.00	
Total Revenues	<u>53,259.16</u>	<u>42,252.00</u>	<u>11,007.16</u>
Expenditures			
Salaries	8,975.12	0.00	
Internet Service	179.50	0.00	
Office Supplies	162.75	0.00	
Operating Supplies	3,703.61	0.00	
Dues and Subscriptions	120.00	0.00	
Medical Expenses Physican	100.00	0.00	
Telephone	473.10	0.00	
Fuel Gas Diesel and Oil	502.39	0.00	
Vehicle Maintenance	319.78	0.00	
Insurance Liability	3,384.00	0.00	
Electricity	1,062.00	0.00	
Heat	1,952.93	0.00	
Sewer Payment	359.80	0.00	
General Repairs and Maintenance	5,430.40	0.00	
Radio-Pager Maintenance	2,120.35	0.00	
Miscellaneous	173.48	0.00	
Contracted Services	120.00	0.00	
Capital Outlay	5,337.00	0.00	
Total Expenditures	<u>34,476.21</u>	<u>41,645.00</u>	<u>7,168.79</u>
Excess of Revenues Over (Under) Expenditures	<u>18,782.95</u>	<u>607.00</u>	<u>18,175.95</u>
Other Financing Sources (Uses)			
Transfers Out	(1,745.65)	0.00	(1,745.65)
Total Other Financing Sources (Uses)	<u>(1,745.65)</u>	<u>0.00</u>	<u>(1,745.65)</u>
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>17,037.30</u>	<u>\$ 607.00</u>	<u>\$ 16,430.30</u>
Fund Balance Beginning of Year	<u>49,636.89</u>		
Fund Balance End of Year	<u>\$ 66,674.19</u>		

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2008

	<u>Special Highway Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Delinquent Tax Collection	\$ 9,514.78		
Property Taxes Current	93,070.79		
Miscellaneous Income	95.19		
Refunds, Rebates and Reimbursements	12.20		
Interest Income	642.14		
Total Revenues	<u>103,335.10</u>	<u>162,710.00</u>	<u>(59,374.90)</u>
Expenditures			
Operating Supplies	325.00		
Miscellaneous	5.38		
Road Maintenance	25,860.46		
Capital Outlay	101,970.70		
Total Expenditures	<u>128,161.54</u>	<u>162,000.00</u>	<u>33,838.46</u>
Excess of Revenues Over (Under) Expenditures	<u>(24,826.44)</u>	<u>710.00</u>	<u>(25,536.44)</u>
Other Financing Sources (Uses)			
Transfers in	245.12	0.00	245.12
Total Other Financing Sources (Uses)	<u>245.12</u>	<u>0.00</u>	<u>245.12</u>
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(24,581.32)</u>	<u>\$ 710.00</u>	<u>\$ (25,291.32)</u>
Fund Balance Beginning of Year	<u>79,612.55</u>		
Fund Balance End of Year	<u>\$ 55,031.23</u>		

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2008

	<u>Police Fund</u>		<u>Variance</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Delinquent Tax Collection	\$ 7,816.38		
Property Taxes Current	61,328.64		
Miscellaneous Income	529.14		
Refunds, Rebates and Reimbursements	10.02		
Liquor Law Funds	962.50		
Interest Income	1,205.31		
Total Revenues	<u>71,851.99</u>	<u>83,853.00</u>	<u>(12,001.01)</u>
Expenditures			
Telephone	420.38		
Miscellaneous	125.00		
Uniform Purchase and Maintenance	201.80		
Contracted Services HCSD	66,306.65		
Vehicle Useage	8,562.80		
Total Expenditures	<u>75,616.63</u>	<u>82,950.00</u>	<u>7,333.37</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,764.64)</u>	<u>903.00</u>	<u>(4,667.64)</u>
Other Financing Sources (Uses)			
Transfers in	45.11	0.00	45.11
Total Other Financing Sources (Uses)	<u>45.11</u>	<u>0.00</u>	<u>45.11</u>
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(3,719.53)</u>	<u>\$ 903.00</u>	<u>\$ (4,622.53)</u>
Fund Balance Beginning of Year	234,055.79		
Prior Period Adjustment	<u>(8,589.02)</u>		
Fund Balance End of Year	<u>\$ 221,747.24</u>		

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2008

	Street Lighting Fund		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
			<u>Favorable</u>
			<u>(Unfavorable)</u>
Revenues			
Delinquent Tax Collection	\$ 1,643.08	\$ 0.00	
Property Taxes Current	8,724.44	0.00	
Interest Income	106.75	0.00	
Total Revenues	<u>10,474.27</u>	<u>11,362.00</u>	<u>(887.73)</u>
Expenditures			
Electricity	<u>11,090.76</u>	<u>0.00</u>	
Total Expenditures	<u>11,090.76</u>	<u>11,280.00</u>	<u>189.24</u>
Excess of Revenues Over (Under) Expenditures	<u>(616.49)</u>	<u>82.00</u>	<u>(698.49)</u>
Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(616.49)	<u>\$ 82.00</u>	<u>\$ (698.49)</u>
Fund Balance Beginning of Year	<u>22,162.38</u>		
Fund Balance End of Year	<u>\$ 21,545.89</u>		

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual vs. Budget
For the Year Ended March 31, 2008

	<u>Cemetery Fund</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Miscellaneous Income	\$ 450.00		
Grave Opening Fees	3,600.00		
Lot Sales	25.00		
Transfer In Perpetual Care Fund	484.06		
Interest Income	<u>478.03</u>		
Total Revenues	<u>5,037.09</u>	<u>10,210.00</u>	<u>(5,172.91)</u>
Expenditures			
Legal Notices	224.51		
Insurance Liability	1,504.00		
Miscellaneous	(119.23)		
Contracted Services	3,972.16		
Maintenance Contracted	<u>714.28</u>		
Total Expenditures	<u>6,295.72</u>	<u>9,800.00</u>	<u>3,504.28</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,258.63)</u>	<u>410.00</u>	<u>(1,668.63)</u>
Other Financing Sources (Uses)			
Transfers In	<u>709.33</u>	<u>0.00</u>	<u>709.33</u>
Total Other Financing Sources (Uses)	<u>709.33</u>	<u>0.00</u>	<u>709.33</u>
Excess of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(549.30)</u>	<u>\$ 410.00</u>	<u>\$ (959.30)</u>
Fund Balance Beginning of Year	<u>2,283.76</u>		
Fund Balance End of Year	<u>\$ 1,734.46</u>		

The accompanying notes are an integral part of this financial statement.

Township of Fairhaven
Schedule of Sewer System Revenue Bonds
Dated October 28, 1991
March 31, 2008

Maturity Date	Principal Amount Payable at Each Maturity Date	Interest		Total
		Rate	Amount	
07/01/08	22,000	5.875%	30,050	52,050
01/01/09		5.875%	29,405	29,405
07/01/09	23,000	5.875%	29,404	52,404
01/01/10		5.875%	28,729	28,729
07/01/10	24,000	5.875%	28,728	52,728
01/01/11		5.875%	28,024	28,024
07/01/11	26,000	5.875%	28,023	54,023
01/01/12		5.875%	27,261	27,261
07/01/12	27,000	5.875%	27,260	54,260
01/01/13		5.875%	26,467	26,467
07/01/13	29,000	5.875%	26,466	55,466
01/01/14		5.875%	25,616	25,616
07/01/14	31,000	5.875%	25,615	56,615
01/01/15		5.875%	24,705	24,705
07/01/15	32,000	5.875%	24,704	56,704
01/01/16		5.875%	23,765	23,765
07/01/16	34,000	5.875%	23,764	57,764
01/01/17		5.875%	22,766	22,766
07/01/17	36,000	5.875%	22,765	58,765
01/01/18		5.875%	21,709	21,709
07/01/18	38,000	5.875%	21,708	59,708
01/01/19		5.875%	20,592	20,592
07/01/19	41,000	5.875%	20,591	61,591
01/01/20		5.875%	19,389	19,389
07/01/20	43,000	5.875%	19,388	62,388
01/01/21		5.875%	18,125	18,125
07/01/21	46,000	5.875%	18,124	64,124
01/01/22		5.875%	16,774	16,774
07/01/22	48,000	5.875%	16,773	64,773
01/01/23		5.875%	15,364	15,364
07/01/23	51,000	5.875%	15,363	66,363
01/01/24		5.875%	13,866	13,866
07/01/24	54,000	5.875%	13,865	67,865
01/01/25		5.875%	12,279	12,279
07/01/25	57,000	5.875%	12,278	69,278
01/01/26		5.875%	10,605	10,605
07/01/26	61,000	5.875%	10,604	71,604
01/01/27		5.875%	8,813	8,813
07/01/27	64,000	5.875%	8,812	72,812

Township of Fairhaven
Schedule of Sewer System Revenue Bonds
Dated October 28, 1991
March 31, 2008
(Continued)

Maturity Date	Principal Amount Payable at Each Maturity Date	Interest		Total
		Rate	Amount	
01/01/28		5.875%	6,933	6,933
07/01/28	68,000	5.875%	6,932	74,932
01/01/29		5.875%	4,936	4,936
07/01/29	72,000	5.875%	4,935	76,935
01/01/30		5.875%	2,821	2,821
07/01/30	76,000	5.875%	2,820	78,820
01/01/31		5.875%	588	588
07/01/31	<u>20,000</u>	5.875%	<u>587</u>	<u>20,587</u>
	\$ 1,023,000		\$ 849,091	\$ 1,872,091



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November 20, 2008

To the Township of Fairhaven
Bay Port, MI

During the course of our audit of the Township of Fairhaven for the year ended March 31, 2008, we have developed recommendations we feel can improve your financial reporting and record keeping. They are as follows:

1. Care should be taken that amounts reported on quarterly payroll tax returns agrees with amounts paid.
2. The tax fiduciary account should be recorded in the general ledger as a separate fund number 414.
3. A line-item budget should be recorded and revised at least three times each year.
4. Your payroll setup should be changed so that SPRING CLEANUP is not the account charged with payroll tax expense and all tax payments should be posted to 101215 or 101216.
5. General ledger balances should be compared to supporting documents and discrepancies investigated and resolved.
6. Within each fund the total of all general ledger account balances must foot to zero.
7. Entries should be recorded to proper accounts and sewer installment receipts should be segregated in the general ledger and not recorded to sewer usage.
8. Care should be exercised to charge funds properly for their share of expenses regardless of the fund paying and Due To / From Fund accounts should be used to properly account for those expenses paid from a fund where a portion of the expense is for another fund.
9. The Township should review the TOWNSHIP OF FAIRHAVEN WASTE WATER DISPOSAL SYSTEM REVENUE BOND document and make certain they are in compliance with it.

If you have any questions, or would like to discuss them in more detail, please call.

Very truly yours,

Midwest Accounting, P.C.